

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 11483 040305Z

63

ACTION SS-15

INFO OCT-01 EA-07 ISO-00 EB-07 /030 W

----- 125151

R 030952Z AUG 76

FM AMEMBASSY MANILA

TO AMEMBASSY CANBERRA

INFO SECSTATE WASHDC 8344

LIMITED OFFICIAL USE MANILA 11483

E O 11652: NA

TAGS: OVIP (ROBINSON, C.W.)

SUBJ: VISIT OF DEPSEC ROBINSON: BRIEFING PAPER - ECONOMIC
NEGOTIATIONS

1. FOLLING THE END OF THE LAUREL-LANGLEY TREATY ON JULY 3, 1974, THE U.S. AND THE PHILIPPINES HAVE BEEN DISCUSSING ON AN INTERMITANT BASIS A REPLACEMENT AGREEMENT WHICH WOULD ESTABLISH A GENERAL FRAMEWORK FOR THE FUTURE CONDUCT OF BILATERAL ECONOMIC RELATIONS. DISCUSSIONS AT THE TECHNICAL LEVEL WERE HELD IN MANILA IN JULY 1974, FOLLOWED BY FORMAL NEGOTIATIONS IN WASHINGTON IN EARLY APRIL 1975. NO DATE HAS BEEN SET FOR A RESUMPTION OF THE TALKS. A GOP OFFICIAL HAS TOLD OUR GATT MTN DELEGATION THAT THE PHILIPPINES WOULD LIKE TO RESUME IN LATE SEPTEMBER, IN MANILA, BUT WE HAVE RECEIVED NO CONFIRMATION.

2. BASED ON THE APRIL DISCUSSIONS, THE FOLLOWING IS WHERE WE STAND ON THE FOUR MAIN POINTS AT ISSUE:

A. TARIFF REDUCTION OFFER LIST - WE TABLED AN OFFER LIST COVERING TRADE AMOUNTING TO \$198 MILLION. THE PHILIPPINE OFFER WAS WORTH DET MILLION. WE EXPRESSED DISAPPOINTMENT, POINTING OUT INTER ALIA THAT MUCH OF THE PHILIPPINE OFFER REPRESENTED NO MORE THAN BINDING AT 70 PERCENT AND 100 PERCENT RATES OF DUTY, AND COUNTERED WITH A REQUEST WORTH \$198 MILLION. THERE WAS LITTLE MOVEMENT, AS THE PHILIPPINE SIDE SEEMED TO LACK NEGOTIATING AUTHORITY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 11483 040305Z

WE HAVE TAKEN THE POSITION THAT THE PHILIPPINES CAN EX-

PECT TO OBTAIN MUCH OF WHAT THEY WANT AT THE GATT MTN NEGOTIATIONS IN GENEVA, BUT THAT WE CAN OBVIOUSLY DO MORE IN THE CONTEXT OF AN OVERALL ECONOMIC AGREEMENT. WE HAVE ALSO POINTED OUT THAT IF WE ARE TO JUSTIFY THE CONCESSIONS THEY WANT, WE WILL NEED SOMETHING IN RETURN, SUCH AS, IMPORTANTLY, A REDUCTION IN GOP DUTIES ON SOY BEAN OIL.

B. REDUCTIONS IN U.S. DUTIES ON PLYWOOD AND COCONUT OIL - THESE ARE KEY ITEMS TO THE PHILIPPINES. WE HAVE INDICATED WE CAN PROBABLY MEET THEM ON COCONUT OIL (A REDUCTION FROM ONE CENT PER POUND TO ZERO), AGAIN IN THE CONTEXT OF AN AGREEMENT. THEY WERE DISAPPOINTED ON PLYWOOD, ALTHOUGH WE POINTED OUT THAT OUR OFFEERRRRR# (A REDUCTION OF DUTY ON PLYWOOD ONE-QUARTER INCH THICK OR LESS), COVERS ABOUT 90 PERCENT OF TRADE.

C. WAIVER OF GSP COMPETITIVE NEED FORMULA - THE PHILIPPINES PRESSED STRONGLY FOR A BLANKET WAIVER (WHICH THE TRADE ACT ALLOWS). WE SAID WE WOULD CONSIDER A WAIVER ON A PRODUCT BY PRODUCT BASIS.

D. INVESTMENT AGREEMENT - THE PHILIPPINES IS VERY SENSITIVE TO ANY LANGUAGE WHICH MIGHT APPEAR TO ACCORD U.S. INVESTMENT "NATIONAL TREATMENT", WHICH THEY FEEL WOULD BE A DEROGATION OF SOVEREIGNTY. WE HAVE TAKEN THE POSITION THAT WE NEED MORE THAN SIMPLY MFN TREATMENT SINCE WE ASSUME THAT WE WOULD BE ACCORDED MFN IN ANY CASE, AND AN AGREEMENT WHICH STOPS SHORT AT THIS POINT WOULD REPRESENT AN UNDESIRABLE PRECEDENT. WE SUGGESTED SOME COMPROMISE LANGUAGE WHICH THEY ARE STUDYING. SUBSEQUENTLY, THE AMBASSADOR TOLD FINANCE SECRETARY VIRATA THAT OUR BASIC OBJECTIVE IS TO REASSURE INVESTORS THAT THE "RULES OF THE GAME" WILL NOT BE CHANGED ARBITRARILY, AND THAT WE WILL STUDY ANY LANGUAGE WHICH APPEARS TO PROVIDE SUCH AN ASSURANCE. THERE HAVE RECENTLY BEEN LOW LEVEL GOP SOUNDINGS ABOUT THE POSSIBILITY OF APPLYING A VARIATION OF THE PHILIPPINES AGREEMENT WITH THE FRENCH, I.E., INDIVIDUAL CONTRACTS TO COVER EACH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 11483 040305Z

NEW INVESTMENT. IF WE ARE TO EXPLORE THIS APPROACH, SOME FORMULA WILL PROBABLY HAVE TO BE FOUND TO COVER INVESTMENT IN PLACE. THE AMERICAN BUSINESS COMMUNITY BLOWS HOT AND COLD ON THIS ISSUE. ON THE ONE HAND, THEY HAVE SAID MFN TREATMENT IS ACCEPTABLE TO THEM, BUT ON THE OTHER HAND, THEY APPEAR TO RESIST THE CONCEPT OF PROVISIONS APPLICABLE ONLY TO NEW INVESTMENT. SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA11483
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760299-0796
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760893/aaaaddhw.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 11 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 MAY 2004 by buchant0>; APPROVED <15 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF DEPSEC ROBINSON: BRIEFING PAPER - ECONOMIC NEGOTIATIONS
TAGS: OVIP, (ROBINSON, C W)
To: CANBERRA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006